



April 29, 2013

Enterprise Services, Master Contracts & Consulting Update on Vendor Management Fee Process

As you may have seen/heard in earlier broadcasts or other forums, the Department of Enterprise Services (DES) is launching a single management fee rate and calculation for state master contracts.

When/What?

Beginning July 1, 2013 state contract vendors will pay a quarterly management fee of .74 percent to the department on all contract sales. This model will replace all current fee schedules charged by DES for Purchasing and Contracting services ([view the current listing of services](#)), including the current Washington Cooperative Membership fee for local government entities. The result is a streamlined rate model, which eliminates a significant amount of administrative effort on behalf of master state contract users, including local government and qualifying non-profit entities. This model is transparent, fair and equitable for all.

How the Process will Work?

DES has begun adding quarterly management fee language via amendment to any existing contracts, as necessary, and included in all new contracts. For contracts that already have a management fee, DES may adjust the management fee to reflect the .74 percent via an amendment. DES is working with existing contractors to maintain their current pricing and negotiating any increases the contractors feel they must pass through. Every calendar quarter, contractors are required to submit quarterly sales reports; the .74 percent management fee will be applied to the quarterly sales reports and DES will invoice the contractors directly.

Beginning July 1, 2013 DES will no longer charge political subdivisions, qualifying non-profit organizations, or tribes; an annual membership fee. The only thing DES will require from master contract users is a signed agreement, in accordance with RCW 39.34. DES is currently working on developing a simple agreement, which would need to be signed by all contract users (i.e. state agencies, institutions of higher education, political subdivisions, qualifying non-profit organization, and tribes). The goal is to have the agreement available on-line with the ability to agree by using a click-through process.

The State Purchasing Cooperative has allowed political subdivisions, tribal entities and non-profit organizations to save millions of dollars by pooling their purchases through high-value state contracts. This new model increases the value by eliminating the annual membership fee and creates efficiencies in the administrative process.

Next Steps for DES:

- Continue to amend existing contracts to include/revise the .74 percent management fee.
- Offering vendor education and outreach on the management fee model at the Eastside Vendor Forum on June 19, 2013 in Spokane, WA.
- Offering additional training for contractors on contract sales reporting and the management fee process.
- Communicating with all master contract users regarding the agreement that will need to be signed to continue to utilize state master contracts, in accordance with RCW 39.34.

Questions?

Rate.Change@des.wa.gov

Customer Service (360) 407-2210